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MACROECONOMIC POLICY QUESTIONS: EXTERNAL DEBT CRISIS AND DEVELOPMENT

Costa Rica* and Colombia**: draft resolution

Enhancing international cooperation towards a durable solution to the external debt problem of developing countries

The General Assembly,

Recalling its resolutions 48/165 of 21 December 1993 and 50/92 of 20 December 1995 and the relevant provisions of the report of the Ad Hoc Committee of the Whole of the General Assembly 1/ for the Mid-term Review of the Implementation of the United Nations New Agenda for the Development of Africa in the 1990s, 2/ as well as other relevant international agreements concerning international cooperation towards a durable solution to the external debt problem of developing countries,

Reaffirming the urgent need for effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, and to help them exit from the rescheduling process,

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* On behalf of the States Members of the United Nations that are members of the Group of 77 and China.

** On behalf of the States Members of the United Nations that are members of the Movement of Non-Aligned Countries.

1/ Official Records of the General Assembly, Fifty-first Session, Supplement No. 48 (A/51/48).

2/ Resolution 46/151, annex, sect. II.

Noting the debt-relief measures undertaken by creditor countries within the framework of the Paris Club and the recent initiative of the World Bank and the International Monetary Fund to reduce the debt burdens of the heavily indebted poor countries,

Stressing the urgent need to further assist developing countries, in particular the poorest and heavily indebted countries, especially in Africa, in their efforts to improve their debt situation in view of their continued very high level of total debt stock and servicing burdens,

Noting with concern the continuing debt and debt-servicing problems of indebted developing countries as constituting an element adversely affecting their development efforts and economic growth, and stressing the importance of alleviating the onerous debt and debt-service burdens connected with all types of debt of a large number of developing countries, on the basis of an effective, equitable, development-oriented and durable approach and, where appropriate, addressing the full stock of debt of the poorest and most indebted developing countries as a matter of priority,

Noting that those developing countries that have continued, at great cost to themselves, to meet their international debt and debt-service obligations in a timely fashion have done so despite serious external and domestic financial constraints,

Expressing its concern that debt-relief measures taken so far have not yet fully provided effective, equitable, development-oriented and durable solutions to the outstanding debt and debt-servicing problems of a large number of developing countries, in particular the poorest and heavily indebted countries,

Stressing the need for continuing global economic growth and the necessity for a continuing supportive international economic environment with regard to, inter alia, terms of trade, commodity prices, improved market access and access to international financial markets, flow of financial resources, trade practices, access to technology and technological infrastructure, exchange rates and international interest rates, and noting the continued need for resources for sustained economic growth and sustainable development of the developing countries,

1. Takes note of the report of the Secretary-General on the developing country debt situation as of mid-1996; 3/

2. Recognizes that effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, which should be achieved through a once-and-for-all approach, can contribute substantially to the strengthening of the global economy and to the efforts of developing countries to achieve sustained economic growth and sustainable development;

3/ A/51/294.

3. Notes that, owing to uneven developments within the context of the evolving international debt strategy, further progress, including new and concrete measures and innovative approaches, is essential as regards contributing to effective, equitable, development-oriented and durable solutions to the external debt and debt-servicing problems of developing countries, particularly the poorest and heavily indebted countries;

4. Stresses the need for the international community to promote a conducive external economic environment through, inter alia, improved market access, stabilization of exchange rates, effective stewardship of international interest rates and increased resource flows, as well as improved access to technology for the developing countries, and the importance for developing countries of continuing their efforts to promote a favourable environment for attracting foreign investment, thereby promoting economic growth and sustainable development;

5. Recognizes that the evolving debt strategy must be accompanied by a favourable and supportive international environment, including the full implementation of the results of the Uruguay Round of multilateral trade negotiations, and the Marrakesh ministerial decisions in favour of the least developed countries and the net food-importing developing countries; 4/

6. Notes that the recent heavily indebted poor countries initiative represents a step towards assisting countries with substantial debt problems, while stressing the urgent need to ensure an expeditious, flexible, constructive and full implementation of the initiative that is in line with the need for comprehensive approaches;

7. Stresses that the implementation of the heavily indebted poor countries initiative requires additional financial resources from both bilateral and multilateral creditors and therefore should not be pursued through the reallocation of resources already designated for development purposes;

8. Urges the developed countries to give the heavily indebted poor countries initiative the support it both needs and deserves and to further refine the initiative so that the required six-year performance period is reduced to one lasting a maximum of three years and the terms of eligibility to be used in qualifying countries do not introduce new conditionalities;

9. Stresses the importance of improving the terms of the eligibility criteria so as to expand coverage to other heavily indebted poor countries;

10. Underlines the importance of the transparency and involvement of debtor countries in any review and analysis that will be conducted during the adjustment period;

11. Emphasizes the urgent need for full, constructive and expeditious implementation of various debt-relief measures undertaken by creditor countries within the framework of the Paris Club, and urges bilateral creditors that have not participated in the Paris Club to undertake equivalent debt-relief measures including debt cancellations;

12. Welcomes the decision taken by the Paris Club to go beyond the Naples terms to provide debt reduction for the poorest and most heavily indebted countries, stresses the need for the Paris Club to further consider the levels of debt reduction and urges all other bilateral creditors to make comparable contributions;

13. Recognizes the efforts of indebted developing countries in regard to fulfilling their commitments on debt servicing despite the incurring of a high social cost and, in this regard, encourages private creditors and, in particular, commercial banks to continue their initiatives and efforts to address the commercial debt problems of middle-income developing countries;

14. Invites creditor countries, private banks and multilateral financial institutions, within their prerogatives, to continue the initiatives and efforts to address the commercial debt problems of the least developed countries and the requests for continued mobilization of resources through the Debt-reduction Facility of the International Development Association in order to help eligible least developed countries reduce their commercial debt;

15. Invites the International Monetary Fund to continue devising concrete measures and action to address the problems faced by indebted developing countries, including the possibility of selling part of its gold reserve;

16. Reaffirms the Mid-term Global Review 5/ of Progress towards the Implementation of the Programme of Action for the Least Developed Countries for the 1990s, 6/ in particular the appropriate actions in favour of those countries concerning their official bilateral, commercial and multilateral debt;

17. Notes with great concern the continuing burden of debt and debt-service obligations of middle-income countries, including in particular those in Africa, and urges creditors, including multilateral financial institutions and commercial banks, to continue to address their obligations effectively;

18. Stresses the importance of continued concessional Enhanced Structural Adjustment Facility lending operations for low-income countries;

19. Also stresses the need for, in addition to debt-relief measures that include debt and debt-service reduction, new financial flows to debtor developing countries, and urges creditor countries and multilateral financial

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5/ Resolution 50/103, annex.

6/ See Report of the Second United Conference on the Least Developed Countries, Paris, 3-14 September 1990 (A/CONF.147/18), part one.

institutions to continue to extend concessional financial assistance, particularly to the least developed countries, in order to support the implementation of economic reforms, stabilization and structural adjustment programmes and the eradication of poverty by the developing countries so as to enable them to extricate themselves from the debt overhang and to assist them in achieving sustained economic growth and sustainable development;

20. Further stresses the urgent need to continue to provide social safety nets to vulnerable groups most adversely affected by the implementation of economic reform programmes in the debtor countries, in particular low-income groups;

21. Calls upon the international community, including the United Nations system, and invites the Bretton Woods institutions, as well as the private sector, to take urgent measures and action for the implementation of the commitments, agreements and decisions of the major United Nations conferences and summits organized since the beginning of the 1990s on development related to the question of external debt;

22. Stresses the need for the Secretary-General to monitor closely the implementation of the heavily indebted poor countries initiative on multilateral debts, so that the General Assembly at its fifty-second session is ably guided in its deliberations on the sub-item on the external debt crisis and development to be included in the provisional agenda of that session of the Assembly, under the item entitled "Macroeconomic policy questions";

23. Requests the Secretary-General, in close cooperation with the Bretton Woods institutions and other relevant bodies of the United Nations system, to report to the General Assembly at its fifty-second session on the implementation of the present resolution.